

Subcontractor Report

Marketing and Distributing Solar Water Heaters in the New Home Industry

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NREL

National Renewable Energy Laboratory

1617 Cole Boulevard
Golden, Colorado 80401-3393

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NREL Technical Monitor: Russell Hewett

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Marketing and Distributing Solar Water Heaters in the New Home Industry

Final Report on Task 1 of a Four-Task Project

Presented To:

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Objectives

The National Renewable Energy Laboratory, under contract to the U.S. Department of Energy, and together with the Solar Energy Industries Association, is conducting exploratory research into a national product deployment strategy focused on introducing solar water heating into the residential new home market.

FOCUS Marketing Services is preparing a marketing strategy for improving the use of solar water heating by the home building community, including recommendations designed to increase knowledge and interest on the part of new homebuyers. The initial task for this study involves an investigation of current distribution channels within the home building industry and common marketing methods and strategies employed to market products to homebuilders and homebuyers.

The objectives of this report can be outlined as follows:

- Verify major distribution channels for products considered similar to solar water heaters;
- Obtain insight into marketing methods utilized by manufacturers, distributors, subcontractors in conducting sales to homebuilders;
- Obtain insight into marketing methods utilized by select building industry suppliers in their efforts to assist home builders in promoting these products to homebuyers;
- Identify the most successful marketing programs employed by manufacturers, distributors, subcontractors and builders, when marketing products within the distribution channel.

The following is the final report on the findings of the completed surveys, and includes a series of recommendations to incorporate those findings into the final development of the marketing plan. Where appropriate, secondary research from professional trade publications and associations has been included to highlight the findings of this survey.

An additional section is included in this report, which outlines use of the internet as a marketing communications tool for suppliers within the homebuilding industry. This segment provides general information on the design of websites, type of information provided and methods used to target information to members of the distribution channel as well as to consumers.

Methodology

The central aspect of this report is a qualitative telephone survey, conducted with building industry professionals in the designated market areas of Southern California, Phoenix, Las Vegas and Florida. Key building industry professionals were interviewed including manufacturers, distributors and subcontractors, and builders. Three questionnaires were designed tailored to each type of business.

In addition to the experience of FOCUS staff members and the results of the survey, secondary research was obtained to clarify or reinforce findings as appropriate.

An internet search was also conducted to observe marketing methods employed by companies in execution of their web-sites.

The following methodology was utilized to conduct qualitative telephone surveys:

Sample:

A total of 84 new homebuilders were interviewed, in the markets of Southern California, Phoenix, Las Vegas and Florida. Respondents verified selling homes in a variety of price ranges, for product considered tract (production), semi-custom (luxury production) and custom. Those builders who characterized their business as more than 90% custom homes were excluded from the survey.

A total of 46 interviews were conducted with home building product suppliers actively involved in markets in Southern California, Phoenix and Florida. 15 interviews were conducted with manufacturers and 31 interviews with distributors and subcontractors. Suppliers of the following product types were determined to provide information considered most relevant to solar water heaters:

- plumbing fixtures and plumbing products,
- kitchen appliances,
- heating, ventilating and air conditioning (HVAC),
- conventional water heaters,
- windows (as an energy saving product),
- insulation (as an energy saving product).

Surveys:

One questionnaire was prepared for home builders with an emphasis on energy-saving products. It was designed to obtain information from the builders' perspective.

Two surveys, nearly identical, were prepared for manufacturers, distributors and subcontractors, with minor modifications designed to obtain information based on the point of view of the respondent.

These surveys are included as appendices to this report.

Timeline:

Surveys were pre-tested from January 21 to January 26, and final surveys were conducted from February 1 through February 26, 1999.

Detailed tabulations were conducted in March 1999.

Objectives:

- Identify key distribution channels for plumbing products, plumbing fixtures, water heaters, HVAC equipment, kitchen appliances, and energy related products such as windows and insulation;
- Identify key marketing methods utilized by members of the distribution channel in marketing products to home builders and to homebuyers;
- Identify most successful marketing methods as indicated by respondents.

Statistical Testing:

Information obtained in this survey is tabulated to assess preferences suggested by respondents, however the intent of the survey was to obtain qualitative information and statistical modeling is not considered relevant. All data presented is designed to provide insight into building industry marketing and distribution methods, and where appropriate, is augmented by secondary research.

Correlations related to submarkets and or segmentation within the building industry is included where relevant.

Data Tabulation:

Detailed data tabulations are contained in Sections Three and Four. The full verbatim response to open-ended questions is contained in Sections Five and Six. All detailed tabulations and responses are organized by Builders and by Distributor/Manufacturer surveys.

Secondary research utilized includes:

- National Association of Homebuilders, Builder's Economic Council, NAHB's Monthly Survey, September 1998, "Special Questions"
- Hanley-Wood, Inc., 1998 Big Builder Study, Survey of Top 1,000 Builders
- Hanley-Wood, Inc., October 1998, "The State of Professional Building Products Distribution: What Future Survivors Should Know"

The internet search was conducted focusing on specific manufacturers well-known within the home building industry and at large. Trade associations, government sites and utility company sites were also researched on-line. Hyperlinks to other sites and alternate associations were utilized as well. Over 50 sites were contacted in the course of this search. Results are not intended to be comprehensive.

Conclusions and Recommendations

Following are the main conclusions of the telephone survey and secondary research findings, as well as recommendations for implementation of these findings in the final marketing plan. The findings are categorized by:

- Distribution channels
- Marketing Methods to Builders
- Marketing Promotions to Builders
- Marketing Methods to Homebuyers

A separate summary of findings from the internet search follows at the end of the executive summary.

Distribution Channels

Conclusion One. Products within the homebuilding industry are sold through a variety of channels, although some products maintain greater consistency in distribution. As solar water heaters are not established in the new home industry, a variety of options exist.

- Conventional water heaters are purchased by the builder most typically from the installing subcontractor, (82%). Products such as plumbing and bath fixtures, and HVAC equipment are also most likely to be purchased from the installing subcontractor.
- Kitchen appliances and windows or doors are more likely to be purchased from a variety of sources. The incidence of sales made direct to the builder rose significantly for higher volume builders (over 100 units annually).

Marketing Methods to Builders

Conclusion Two. Three out of four building industry professionals cite direct personal selling by their in-house sales force as the top marketing method used to sell their products to builders as a standard feature of the new homes. Direct personal selling is also cited as the most successful method (59%).

- Trade shows were referenced second most frequently as a top marketing method used to sell products to builders, followed closely by trade advertising.

Marketing Promotions to Builders

Conclusion Three. Builders indicated the most appealing marketing promotions offered by manufacturers included financial incentive programs (model home programs, rebates or discounts), direct meetings with manufacturer's sales staff or independent representative, and offering free samples or sample product and first-hand demonstration.

Marketing Methods to Homebuyers

Conclusion Four. Builders, manufacturers, distributors and subcontractors all perceive the presentation of the on-site new home agent to be the most important element of the marketing program to make new homebuyers aware of standard or optional product features.

- Builders referenced design centers and model homes as second most important methods in marketing standard features or option products, respectively.
- Distributors and subcontractors referenced product display in the model homes second most often as the most important tool for promoting standard features and design centers second most often for promoting options.

Conclusion Five. Builders indicated the key elements of a manufacturer's marketing program that contributed to their sales program included: price (the ability to remain competitive), brand name or reputation, and product warranty.

- Suppliers tended to stress the importance of brand name identity, followed by price.

Key Recommendations

- Identify the most effective distribution channel for solar water heating based upon price efficiency, required field labor support and effective promotional support.
- Incorporate manufacturer sales staff and other staff in concert with selected distribution channel, to contact builders and promote solar water heating products.
- Build awareness within the building channel through trade show participation and/or advertising in appropriate trade publications.
- Provide training materials and/or personnel for builders sales staff, to assist in education of both the builder and the consumer. Include "take-home" product literature to further educate homebuyers.
- Develop promotional programs for model homes.
- Create financial incentives for solar water heating products offered as a standard feature of new homes.

Summary of Findings – Homebuilder Surveys

Builder Profiles

Builders were contacted in the designated markets of Southern California, Phoenix, Las Vegas and Florida. The balance of respondents in all markets was nearly equal, ranging from 17 to 24 in each market area, for a total of 84 completed surveys.

Most builders surveyed were volume production builders with an annual unit volume of 100 homes or more. The majority of builders defined their product as tract (production) homes, although California and Phoenix indicated semi-custom (luxury production) homes were also important to their business. In

Florida most builders consider their homes to be semi-custom or custom. A review of the builder respondents by price range is contained in the Detailed Survey Analysis in Section Three.

Cross tabulations were compiled based on market area, price range of homes offered and annual unit production volume. No significant differences were observed between market areas or price ranges, however there were some differences in the distribution channel for specific products based on the builder's unit volume. These will be examined more closely under the segment on Distribution Channels.

Types of Energy Efficient Products Included in New Home Purchase

To provide a frame of reference to inquire about marketing methods and channels of distribution, builders were questioned about the type of energy efficient products they currently offer. This also helped establish the acceptance or requirements of builders to offer energy efficient products in the subject geographic regions.

All builders indicated some use of energy efficient products. Water-saving plumbing fixtures were the most commonly referenced in all markets. All products included in the survey, with the exception of solar energy products, were selected by at least 80% of participants as items included in their new homes either as a standard feature, optional feature, or a standard feature with upgrade options available:

Energy Efficient Product Models Offered By All Builders

Product	Standard	Option	Standard and Option	Total
Water-saving plumbing fixtures	83%	7%	7%	97%
Upgraded Insulation	43%	41%	8%	92%
Kitchen Appliances	54%	11%	26%	91%
HVAC	52%	18%	18%	88%
Water Heaters	64%	13%	11%	88%
Dual-glazed Windows	67%	12%	2%	81%
Solar Products	6%	12%	5%	23%

All markets consistently indicated high use of water-saving plumbing fixtures, while California regularly recorded highest use of upgraded insulation, energy efficient HVAC, water heaters, and solar energy products. Phoenix and California reported the highest use of energy efficient kitchen appliance models in their homes. Phoenix reported the greatest use of dual-glazed windows, followed by California.

Marketing Methods Used to Promote Energy Efficient Products

Builders were asked to specify the types of marketing methods used to promote their energy efficient features to homebuyers, when offered as an optional amenity in the new home. The top referenced methods included:

<u>Marketing Method</u>	<u>Referenced</u>
Presentation by the new home sales agent	58%
Manufacturers' brochures	54%
Model home point-of-purchase display	45%
In-house design center	37%
Subcontractor brochures	35%
Contract design center	23%

The new home sales agent was cited by a majority of respondents in all markets. Model home point-of-purchase display and design centers were in the top five responses in all market areas with the exception of Las Vegas.

Responses were very similar, whether the amenity was an option or a standard feature in the home. When referencing the marketing methods used to promote standard features, the percentage of those indicating the presentation of an on-site new home agents increased to 75% and the use of manufacturer brochures increased to 66%.

Eighty-five percent of those surveyed also indicated they used the same methods for marketing other non-energy related products in their homes.

Most Successful Marketing Method to Promote Standard and Optional Features

Nearly half of all builder respondents believe the on-site new home sales agent is the most important link in the marketing of standard features or options offered in the new homes. The second most successful marketing method for standard features was the design center, and model home point-of-purchase displays were cited for the promotion of optional features:

Most Successful Marketing Methods Standard Features and Options

Marketing Method	Standard	Option
On-site New Home Agent	42%	44%
Design Center	23%	18%
Model Home Display	N/A	21%

Secondary Research Findings

A study conducted in 1998 by Hanley-Wood, Inc., publishers of BUILDER magazine, indicated the use of design centers by big builders has increased from 42% in 1996 to 48% in 1998. The study further verified the importance of model homes for big builders in sales at their communities, as 83% of builders responding to that survey stated they use models to sell their new homes. (The survey of 600 builders was conducted nationwide based on annual sales of over 100 units and volume over \$10 million.)

In the current survey, builders were asked why they considered these methods the most successful. In many cases, they indicated the on-site presentation offers homebuyers immediate information. The sales agent can demonstrate products and answer questions readily.

Similar reasons were given to explain the success of the design center, in addition to the fact that the prospect can see the product and weigh its value against other features. Model Home Point-of-Purchase displays also call the homebuyer's attention to the product, and offer the opportunity to see the product in place:

The On-Site New Home Agent is Most Successful:

"When people come in, they get all their questions answered."

"(The agent) is the first one who gets the buyer excited, and they develop trust with the buyer."

"Direct communication with the customer, it allows for question and answer, and a better understanding of the product."

"(The agent is) explaining things to people."

"People can see everything as it would be in their home and the agents describe everything and answer questions."

"The homebuyer can see the product and the agent can explain its merits."

"People can relate to them (the agent) rather than just reading material."

"The personal touch – it's immediate information."

"Sales agents understand and can promote the product."

"Sales agents understand and can describe the products accurately."

"They have a direct sales opportunity with the buyer."

The Design Center is Very Successful to Promote Standard Features:

"It's easier for the homeowner to understand the offering."

"It's hands-on, and the public gets to see (the product) directly."

"They (home shoppers) can see how it looks and how it works."

"Design center is the best demonstrator."

"We can show the actual product."

"We can show specific benefits."

"It gives the buyer a total picture."

Model Home Point-of-Purchase Displays are Very Successful to Promote Options/ Upgrades:

“Clients see how the product looks (in place) and they want it for their home.”

“Customers like to see what they’re getting.”

“We can show a cut-out wall for insulation, window frames, etc.”

“All our more expensive homes have energy efficient products so the model allows the buyer to see them (in place).”

“People can see what they are getting in every style and color possible.”

Builders Identify Top Factors Influencing the Purchase Decision

When asked to specify the top three factors for choosing a specific energy efficient product, builders gave top-of-mind responses and were not prompted by the interviewer. The answers were evaluated and classified. The majority of answers focused on the following concerns:

<u>Top Factor</u>	<u>Respondents</u>
Cost to the builder/ profit potential	47.6%
County, city or other code requirement	40.5%
Level of consumer demand	39.3%

Secondary factors included:

<u>Secondary Factor</u>	<u>Respondents</u>
Product enhances perceived value	23.8%
Differentiate the new home product	15.5%
Manufacturer marketing support	11.9%

Secondary Research Findings

The Hanley-Wood 1998 Big Builder Study, which did not specifically reference product type, also indicated that builders are interested in help from manufacturers in managing cost/price, further stressing the importance of this factor. Builders also cited an interest in obtaining better product information and assistance with model homes.

Another study, conducted in October of 1998 by PricewaterhouseCoopers for Hanley-Wood’s ProSales magazine, focused on perceived changes occurring within the distribution channel. In this study, over 70 builders responded to a telephone survey. Forty-one percent indicated that reducing cost in the supply chain was a key consideration for their business. This issue was tied with a second: their concern to meet homebuyer demand with the products and options they offer.

Verification of Distribution Channel

An investigation of the distribution channel revealed that builders purchase from a variety of sources. Most builders participating in the survey purchase appliances direct from the manufacturer, while plumbing products, HVAC equipment and water heaters were most likely to be purchased from the installing subcontractor. Windows and doors were purchased most commonly from the installing subcontractor, however a significant number purchased direct from manufacturers as well:

Distribution for Select Products – All Builders

Product	% Manufacturer	% Installing Subcontractor	% Wholesale Distributor	% Other
Appliances	59%	7%	34%	4%
Plumbing Products	10%	82%	10%	2%
HVAC	8%	87%	5%	2%
Water Heaters	6%	82%	7%	2%
Windows/ Doors	32%	49%	24%	7%

Two product types showed significant variance in purchasing patterns: kitchen appliances and windows/doors. These purchasing patterns did not reveal any significant differences by market area, however, an evaluation of purchasing habits based on the builder's annual unit volume did indicate some preference based on this criterion. Builders with a higher annual volume of 100 or more homes were most likely to purchase kitchen appliances direct from the manufacturer. Doors and windows were purchased from installing subcontractors followed closely by manufacturers:

Kitchen Appliance Purchases by Builder Annual Unit Volume

Unit Volume	% Manufacturer	% Wholesale Distributor	% Installing Subcontractor	% Other
Under 25	23%	69%	0%	23%
25 to 99	62%	35%	4%	0%
100 and above	68%	23%	11%	0%

Windows/Doors Purchases by Builder Annual Unit Volume

Unit Volume	% Manufacturer	% Wholesale Distributor	% Installing Subcontractor	% Other
Under 25	23%	54%	15%	15%
25 to 99	23%	31%	50%	0%
100 and above	40%	11%	58%	9%

Secondary Research Findings

The National Association of Homebuilders, in a survey of nearly 400 builders nationwide conducted in September of 1998, found similar industry-wide results for the above referenced products. Appliances were purchased direct from the factory by 20% of builders, and from the manufacturer's distribution center by 36%. Windows and doors were also purchased from the manufacturer direct (14%), from the manufacturer's distribution center (26%), a lumberyard (39%) or from a specialty retailer (22%).

The NAHB survey confirms that plumbing products and HVAC equipment are purchased most often from the subcontractor, 76% and 92% respectively.

Type of Sales Staff Contacting Builders to Sell Products

Reflecting the practice in the distribution channel, the manufacturer's sales staff was indicated as the most likely to contact builders to sell kitchen appliances, as noted by over half of participants (53%). Another 30% indicated an independent manufacturer's representative contacted them (not affiliated with a wholesale distributor or subcontractor).

In the case of plumbing products, the subcontractors' sales staff was cited as the contact in 40% of responses, while the manufacturer sales staff was referenced by 36%. Sales of water heaters and HVAC equipment are typically initiated by the installing subcontractor's sales staff, as reported by 48% and 58% of builders respectively.

Most Popular Options Offered by Builders and Marketing Methods Employed

Builders gave a wide variety of responses when asked to identify their top selling option. This question was asked to gain tighter focus on the methods used most frequently to promote a given optional feature, and the single most successful method. The full list of responses is provided in the Section Five, "Verbatim Responses to Open-ended Questions - Builders", Table 1. Twelve builders did not comment.

In this instance, participating builders most often identified the model home point-of-purchase display, design showroom and community brochure. Secondary methods included design showroom demonstrations, sales support from the manufacturer, the manufacturer brochure and finally coop ad programs.

Most Frequently Used Marketing Methods to Promote Top Selling Option

<u>Marketing Method</u>	<u>Respondents</u>
Model Home Point-of-Purchase	58%
Design Showroom Display	41%
New Home Community Brochure	39%
Design Showroom Demonstration	35%
Manufacturer Sales Support	33%
Manufacturer Brochures	31%
Coop Ad Programs	29%

When asked to clarify which method was most successful for sales of this top option, 43% of responding builders stated the Model Home display was most effective. Approximately 17% stated “don’t know” or “none”. Several respondents stated a combination of methods was most successful (see Detailed Survey Analysis – Builders).

Builders Identify the Most Appealing Methods a Manufacturer Uses in Product Sales

Nineteen percent of survey participants did not know or stated “none” when asked what they considered a manufacturer’s most appealing marketing method. Those builders who did respond gave a wide variety of answers. A full list is contained in Section Five (Verbatim Responses to Open-ended Questions - Builders”, Table 2), however several answers were repeated by a number of participants.

Incentive programs and direct contact with factory sales staff were the most important features of a manufacturer’s marketing program. Incentive programs were defined as model home programs (free product), rebates, discounts, or similar types of incentives, some of which may be passed on to the buyer or used to increase the builder’s profit potential.

Samples, free product and product demonstration were cited next most often. Respondents explained the builder’s purchasing agent gains a better understanding of the product from a “hands-on” view and demonstration. Questions can be answered on-the-spot, and the value of the product can be more easily assessed.

<u>Method</u>	<u>Number</u>
Incentive Programs	16
Meeting with Manufacturer	16
Samples/Demonstration	10
Manufacturer’s Literature	9

When asked if the referenced marketing method caused them to select the product, 48% of builders responded “Yes”. The balance of respondents were either undecided or gave an emphatic “No” (26%). While it may have been a way to get their attention, the final decision was the result of a combination of factors.

The Most Important Aspect of Manufacturer’s Marketing Program Affecting a Builder’s New Home Sales Program

Builders cited price, brand name recognition, and product warranty as key aspects of a manufacturer’s marketing program which could contribute positively to the new home sales program. Customer service, both for the builder and the homeowner was a fourth key item. If these elements of the manufacturer’s marketing program are top notch, they enhance the builder’s new home sales program.

Several respondents volunteered reasons for their choice. Price was considered important for the builder to remain competitive. Brand name was cited to help establish value. The manufacturer must have the reputation and commitment to stand behind the product with their warranty.

Other referenced elements included a manufacturer sales training program for the builder sales staff to properly inform them of the product’s features and benefits, and product availability. If the factory is out

of stock or unable to ship product the builders' construction schedule will be affected negatively, wreaking havoc with both waiting homebuyers and the builder's budget.

<u>Key Aspect Affecting Builder's Sales Program</u>	<u>Responses</u>
Price	31%
Brand Name / Reputation	26%
Product / Manufacturer Warranty	19%
Service	12%
Quality	10%
Incentives/Promotions	7%
Manufacturer's Sales Training	6%
Availability of Product	6%
Other	21%
None	2%

All answers were categorized and tabulated based on key points of the builders' comments. The full text of answers is contained in Section Five, "Verbatim Responses to Open-ended Questions - Builders", Question 21.

Summary of Findings—Distributors/Manufacturer/Subcontractor Surveys

Distributor, Subcontractor and Manufacturer Profiles

Distributors, subcontractors and manufacturers were contacted in the subject market areas of Southern California, Phoenix, and Florida. Las Vegas was not included in the sample, although some contacts also conducted business in that market. A total of 31 distributors and subcontractors completed the survey, with the largest number of participants, 17, from Florida. Fifteen manufacturers participated in the survey, with slightly higher representation from California.

A nearly equal number of respondents described their business as distributor, subcontractor or manufacturer. They identified homes in the price range from \$250,000 to under \$350,000 as the range offering the greatest absorption for their product (30%). Although a broad generalization, in most of the markets surveyed this price range typifies a move-up homebuyer.

Product categories represented most in the survey included plumbing fixtures and bath products, followed by windows and doors. A variety of other items were listed and more than one response was allowed.

Methods Used to Sell Products to Builders

This question was designed to obtain insight into the types of methods used by suppliers within the distribution channel, to market and sell their products to builders. The question was asked in regard to optional features a builder may offer to prospective homebuyers, as well as products that would be included in the home as standard features. As one-third of the respondents did not sell these products as options, the best information was gained by analyzing answers provided for standard amenities.

Direct personal selling was unanimously the most frequently identified marketing method employed by distributors and subcontractors, followed by trade shows, trade advertising and use of the distributor sales force.

When further questioned as to which method was considered to be most successful, eight respondents stated they didn't know or gave no response (classified as "other"). Over half stated direct personal selling is most successful, followed by the distributor sales force with 11%.

Trade shows and advertising were listed by many respondents as methods used, however they were not noted as successful. One factor to consider is that while trade shows and advertising are good ways to meet new contacts or gain exposure, their effect on sales is sometimes difficult to measure with any accuracy unless promotions are in place.

Marketing Methods Used for Sales of Products as Standard Features to Builders

Marketing Method	Frequently Used	Most Successful
Direct Personal Selling	74%	59%
Trade Shows	41%	0%
Trade Advertising	30%	2%
Distributor Sales Force	30%	11%
Distributor/Installer Sales Force	13%	0%
Other	22%	28%

All suppliers stated that direct personal selling is successful as a result of the face-to-face contact, the opportunity to create relationships, and to fully explain details and benefits of the products. There is no substitute for personal contact.

Direct Personal Selling is the Most Often Used and Most Successful Marketing Method:

"Salesmen know their product."

"It's person-to-person, one-on-one."

"Personal interaction."

"You have to go out and shake the bushes!"

"Person-to-person you can provide complete information."

"We are the premier product in the market and sell based on perceived value."

"We know our product better than anyone."

"You must call on the builder to make the sale."

"It personalizes our product."

“The salesman is speaking directly with the builder.”

“It allows us to give a more extensive explanation.”

Marketing Methods Builders Use to Promote Products to Homebuyers

Most suppliers recognize the importance of the builder’s sales staff in promoting their products as options to homebuyers. The table below indicates the percentage of respondents naming the method they perceive builders use to sell products as options or as standard features. In both instances, half of the respondents stated the builder staff was instrumental in promoting their products:

Marketing Method	Used to Market Features as:	
	<u>Option</u>	<u>Standard</u>
Builder Sales Staff Presentation	50%	59%
Showroom/Model Home Display	37%	46%
Builder Design Center	28%	26%
Demonstration	20%	17%
Dealer/Distributor Showroom	13%	9%
Don’t know	2%	17%

Of those participating in the survey, 26% did not provide a response to this question relative to options, as their product was not sold as an option.

How Distributors and Subcontractors Purchase and Sell Most Popular Products

Most respondents, 84%, indicated they bought their most popular products direct from the manufacturer. Three of four also indicated they sold the product direct to the builder. Six companies stated they sold to a hybrid distributor/installer, and six indicated they sold to another subcontractor. Many respondents indicated more than one customer for their products:

<u>Sell To</u>	<u>Respondents</u>
Direct to Builder	77%
Hybrid Distributor/Installer	19%
Another subcontractor	19%
Other	16%
Retailer	6%

Answers for “other” included wholesaler, building contractor, builder-dealers, and direct to homeowners.

The sales force employed to conduct sales was most often the distributor (42%) followed by the installing subcontractor’s representative (29%). Independent manufacturer’s representatives were indicated only four times and use of the manufacturer’s in-house sales team was referenced slightly more at 7 times. “Other” responses also clearly referred to a distributor or subcontractor sales team.

<u>Sales Team</u>	<u>Respondents</u>
Distributor Sales Team	42%
Installing Subcontractor	29%
Manufacturer Sales Team	23%
Independent Representative	13%
Other	13%
None	7%

Manufacturers Identify Their Distribution Channel

Manufacturers were asked to outline the distribution channel they use within the new home industry. Although a relatively small sample, there were nearly equal references to selling direct to builder and selling to a hybrid distributor/installer. Few indicated they sold to installing subcontractors or retailers direct.

<u>Sell To</u>	<u>Used</u>	<u>Most Effective</u>
Direct to Builder	9	6
Hybrid Distributor/Installer	8	4
Wholesale Distributor	6	3
Other	5	2 (don't know)

Manufacturers appear to rely most heavily on their in-house sales team, however they also recognized distributor involvement or independent sales rep firms:

<u>Sales Team Used</u>	<u>Respondents</u>
Manufacturer Sales Team	8
Independent Rep	5
Distributor Sales Team	5
Distributor/Installer	4
Other	4

Types of Promotions Used to Sell to Builders

Suppliers referenced model home discounts and builder sales staff training most often as the promotions they use in their builder sales program. Coop advertising programs and other financial incentives such as volume incentive rebates were also popular.

The most successful methods were not easily identified. Of those responding, eight referred to model home discounts and builder sales training, four referenced coop advertising and six suggested any other type of financial incentive. Twenty-four percent (eleven of nineteen "other") stated none, don't know, or gave no response.

Most Common and Most Successful Promotions to Builders

Type of Promotion	Frequency Used	Stated Most Successful
Model Home Discounts	48%	17%
Coop Advertising	41%	9%
Financial Incentives	41%	13%
Builder Sales Training	39%	17%
Other	37%	41%
Provide Collateral Material	26%	2%

Secondary Research Findings

The Hanley-Wood 1998 Big Builder Study supports the importance of a model home program. Of those builders surveyed, 68% indicated a model home program was important in their decision to include the product in the model. Builders also expressed interest in discount or rebate programs for products that are used throughout an entire community.

Participants to the current survey were asked why they felt model home discounts were effective. They indicated that it helped the builder's profit margin, while providing the opportunity for homebuyers to see the products in place in the model home:

“They (builders or homebuyers) can see it. What it's going to look like.”

“The model home program basically supports the builders.”

“Model home discounts help bring us repeat business from the builders we deal with.”

“Most customers for this product have heard about it and want to see it in place.”

“The margins are so narrow, this is the only way they (builders) can afford to do it.”

Manufacturers gave slightly more importance to builder sales staff training and volume incentive rebates.

Marketing to New Home Buyers Outside of the New Home Community

Thirty respondents indicated they did no marketing to new homebuyers other than methods used in the new home environment, and throughout the purchasing process. For those companies that do promote outside of the new home environment, Home & Garden shows were referenced in thirteen instances and personal selling direct to new homebuyers was referenced ten times. Brochures were identified by nine participants, followed by print advertising and direct mail. Other means included video, the internet and telemarketing.

Manufacturers were more inclined to market to new homebuyers using alternate methods, and selected Home & Garden shows and product brochures most often.

Suppliers listed a variety of marketing messages as key in promoting to the consumer, with “durability” stated most often (eight). Other messages referenced by no less than four respondents included quality, low maintenance, and ease of use.

The Most Successful Marketing Method to Promote Products to Builders

Building industry suppliers were asked to identify, without prompting, their most important product, and then to specify what they considered to be their most effective method of marketing that product to builders (Questions 18A and 18B). Nine respondents indicated they did not know what the most successful method was or gave no response. The majority cited personal selling most often as their most successful marketing method. Other answers were given only once and no more than three times.

<u>Most Successful Method</u>	<u>Number</u>
Personal selling	12
Don’t know	9
Advertising	3
Trade Shows	3
Referrals	2
Pricing	2
Other	15

Personal selling was considered most effective for many of the same reasons stated previously:

“It lets us show the demand for our product.”

“It personalizes the product.”

“Because they (sales peoples) understand the benefit of our product.”

“The builder develops a rapport with the sales rep and the rep finds out what the builder wants.”

“We can make the buyer understand it’s not a price issue, it’s a savings issue.”

“We have good personal relations with the builders.”

“We can answer any questions and explain anything about benefits.”

Marketing Support to Assist Builders in Sales of Options to Homebuyers

Respondents indicated they utilized the in-house sales force most often to assist builders in the sale of their option products. The sales force was used to help educate the builder or the buyer. The full text of responses is provided in Section Six, “Verbatim Responses to Open-ended Questions - Distributors/Subcontractors/Manufacturers”, Table 3 (Questions 19A and 19B).

“They (sales team) can explain the quality and cost of the doors.”

“They need to explain how it works.”

“(The customer) likes the personal experience.”

“They can get any necessary information first-hand.”

“If the builder is trying to promote our product, we will go and explain the product to the homebuyer.”

“The rep teaches the builder about the product, and the builder can better explain it to the buyer.”

“Just like the builders, homebuyers know the brand they like, so we show them what would best meet their needs, in that brand.”

Most Effective Aspect of the Supplier's Marketing Program to Builders

Brand name was indicated by nearly half the respondents as the most important aspect of their marketing program. The next most important factor was warranty, followed by price and builder staff sales training. Items classified as “other” were cited only once:

<u>Most Important Marketing Element</u>	<u>Number</u>	<u>Percent</u>
Brand Name	20	43%
Warranty	11	24%
Price	9	20%
Quality	9	20%
Builder Sales Training	7	15%
Service	7	15%
Product Benefit	6	13%
Other	14	30%

Secondary Research Findings

In the October study for ProSales magazine, 100% of the builders surveyed identified brand as a valuable marketing tool, as it “assures buyers of quality and support after the sale”.

Review of Manufacturer Internet Sites

The internet offers a wealth of information to curious consumers as well as to building industry professionals. Sites reviewed for this report included government agencies, independent trade associations, solar energy associations, building trade publications and manufacturer websites. The majority of sites contacted were related to the home building industry.

Manufacturer sites were perused most closely and are outlined here in terms of the type of information offered and the format.

Manufacturer website designs typically featured general information about the company including a company history, information on company officers or sales and marketing contacts,

press releases, announcements on new products, and an on-line catalog or product directory where specific products are showcased.

Many sites also featured icons to target consumers or trade members, and provided information specifically for each. Thus trade professionals could tap into information to assist in product selection and use, and consumers could find information more relevant to their concerns, such as interior design suggestions and photographs of the product in use. Other common elements included FAQs, sections featuring frequently asked questions with corresponding answers, and hyperlinks to connect visitors with other company owned or affiliated businesses.

Although the extent of internet use by builders was not researched as part of this report, there is no doubt this medium will continue to grow in popularity in this industry as it has in others. The integration of a manufacturer website targeting the building trade will add to efforts to promote solar water heating in the building industry.

Appendices

Appendix A

Builders – NREL Telephone Survey

Interview # _____

Interviewer: _____ Date of Interview: _____

Market Area: ☐ California ☐ Phoenix ☐ Las Vegas ☐ Florida

Introduction: **Ask for purchasing manager or purchasing agent.**

Hello, my name is _____ and I am with an independent research company conducting a survey for the National Renewable Energy Laboratory, exploring distribution channels and marketing methods in the new home industry. We are interested in your opinions and experience on several topics related to this subject. The survey will take only a few minutes and your answers will remain anonymous. A summary of the results will be available in a published report and will be mailed to you upon completion to thank you for your participation.

1. a. What is the title of your position?

- ☐ purchasing agent ☐ purchasing manager ☐ marketing manager
☐ marketing director ☐ operations director ☐ project manager
☐ other (Specify Other: _____)

b. Are you responsible for purchasing products for inclusion in new homes?

- ☐ yes (proceed to #2) ☐ no (thank them, obtain referral and discontinue)

2. I'm going to read you a list of new home price ranges. Please identify the top two target housing market segments for your company: (Read all)

- ☐ Below \$100,000 ☐ \$100,000 to less than \$250,000
☐ \$250,000 to less than \$350,000 ☐ \$350,000 to less than \$500,000
☐ \$500,000 to less than \$750,000 ☐ \$750,000 and above

3. a. Are the homes specified above considered: (check all that apply)

- ☐ tract homes ☐ semi-custom homes ☐ custom homes

(If custom home is referenced above)

b. What percentage of your business is devoted to custom homes? _____

(If the participant identifies their market as 90% to 100% custom homes, thank them and discontinue the survey.)

4. How many homes do you build per year?

- ☐ less than 25 ☐ 25 to 99 ☐ 100 and above

Now I'm going to ask you a few questions specifically related to energy efficient products that you may offer.

5. I'm going to read you a list of energy efficient products. We would like to confirm, within your target market range, which are offered as upgrades/options, and which are offered as standard features. If your company offers a listed product as both a standard feature with upgrade models available, please indicate. (Read all and check all that apply. If participant elects none skip to question #9):

	Upgrade/		Standard
Item	Standard	Option	& Upgrade
water saving plumbing fixtures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
upgraded insulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
kitchen appliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
energy efficient hvac	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
energy efficient water heaters	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
solar appliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
dual glazed windows_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
other similar products_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
other similar products_____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
None (skip to #9)			

Now I'm going to ask you similar questions as they relate to the purchase and promotion of these energy efficient products as standard features.

6. a. I'm going to read a list of marketing methods your company may use to promote energy efficient product(s) as a standard feature of your new homes. For each item I read, please let me know if it's a marketing method you use. (Check all "yes" responses.)

☐ on-site new home agent ☐ in-house design center ☐ contract design center

☐ subcontractor sales agent ☐ subcontractor brochures ☐ manufacturer brochures

☐ telemarketing ☐ videos ☐ direct mail

☐ dealer/distributor showroom ☐ other _____

☐ None (skip to #9)

b. Which of these methods has been most successful? (circle)

Why? _____

7. a. Now I'm going to read a list of marketing methods or tools which your company may use to promote and sell these energy efficient upgrade product(s) as an option. For each method I read, let me know if it's a method you use. (Read and check all "yes" responses.)

☐ on-site new home agent ☐ in-house design center ☐ contract design center

☐ subcontractor sales agent ☐ subcontractor brochures ☐ manufacturer brochures

☐ telemarketing ☐ videos ☐ direct mail

☐ model home point-of-purchase displays ☐ dealer/distributor showroom

☐ other _____

- b. Which of these methods has been most successful? (circle)

Why? _____

- c. Are these methods similar to the ones you use to sell other, non-energy related upgrade products?

☐ yes (proceed to #8) ☐ no (explain) _____

8. a. What are the top three most important factors in your decision to include an energy efficient product as a standard feature? (Prompts may include the following: differentiate from competition, demand from homebuyers, ability to enhance perceived value, manufacturer marketing support, cost/potential profit margin, city/county requirement.)

1. _____ 2. _____

3. _____

- b. Are these the same considerations you use when deciding what type of energy efficient products to offer as options?

☐ yes (proceed to #9) ☐ no (explain) _____

The next few questions relate to the manner in which you purchase certain types of products.

9. From whom do you purchase appliance products, such as ranges, ovens and dishwashers? *(Read list and check all that apply.)*

- ☐ direct from manufacturer ☐ retailer ☐ wholesale distributors
- ☐ installing subcontractor (specify trade _____) (plumber, framer, etc.)
- ☐ other (explain other) _____

10. From whom do you purchase water heaters? *(Read list and check all that apply.)*

- ☐ direct from manufacturer ☐ retailer ☐ wholesale distributors
- ☐ installing subcontractor (specify trade _____) (plumber, framer, etc.)
- ☐ other (explain other) _____

11. From whom do you purchase hvac units? *(Read list and check all that apply.)*

- ☐ direct from manufacturer ☐ retailer ☐ wholesale distributors
- ☐ installing subcontractor (specify trade _____) (plumber, framer, etc.)
- ☐ other (explain other) _____

12. From whom do you purchase plumbing products, such as tubs and fixtures? *(Read list and check all that apply.)*

- ☐ direct from manufacturer ☐ retailer ☐ wholesale distributors
- ☐ installing subcontractor (specify trade _____) (plumber, framer, etc.)
- ☐ other (explain other) _____

13. From whom do you purchase building products such as windows, doors, etc.? *(Read list and check all that apply.)*

- ☐ direct from manufacturer ☐ retailer ☐ wholesale distributors
- ☐ installing subcontractor (specify trade _____) (plumber, framer, etc.)
- ☐ other (explain other) _____

14. When approached to purchase appliances, which of the following types of sales staff contact you? *(Read and check all that apply.)*

- ☐ manufacturer in-house sales force ☐ independent manufacturer's reps
- ☐ distributor sales force ☐ installing subcontractor sales force
- ☐ other _____

15. When approached to purchase plumbing products, which of the following types of sales staff contact you? (Read and check all that apply.)

- ☐ manufacturer in-house sales force ☐ independent manufacturer's reps
- ☐ distributor sales force ☐ installing subcontractor sales force
- ☐ other _____

16. When approached to purchase water heaters, which of the following types of sales staff contact you? (Read and check all that apply.)

- ☐ manufacturer in-house sales force ☐ independent manufacturer's reps
- ☐ distributor sales force ☐ installing subcontractor sales force
- ☐ other _____

17. When approached to purchase hvac units, which of the following types of sales staff contact you? (Read and check all that apply.)

- ☐ manufacturer in-house sales force ☐ independent manufacturer's reps
- ☐ distributor sales force ☐ installing subcontractor sales force
- ☐ other _____

18. Outside of flooring, countertop and cabinet upgrades, or room options, name your top selling upgrade/option product: (probe for clarity)

19. a. I'm going to read a list of marketing methods your company may use to generate sales of this top selling product. Please respond "yes" if these methods are applicable to your company, or "no" if they are not available, or not used. (Read and check all that apply).

- | | |
|--|---|
| <input type="checkbox"/> community project brochure | <input type="checkbox"/> coop advertising programs |
| <input type="checkbox"/> design showroom demonstrations | <input type="checkbox"/> design showroom display |
| <input type="checkbox"/> distributor sales staff | <input type="checkbox"/> installing subcontractor sales staff |
| <input type="checkbox"/> installing subcontractor sales training | <input type="checkbox"/> manufacturer's collateral material |
| <input type="checkbox"/> manufacturer market development funds | <input type="checkbox"/> manufacturer sales training |
| <input type="checkbox"/> model home point-of-purchase displays | <input type="checkbox"/> sales support from manufacturer |
| <input type="checkbox"/> wholesale distributor sales training | <input type="checkbox"/> other _____ |

b. Which method has proven most successful? (circle) Why?

20. a. What is the most appealing marketing method you have been exposed to, used by a manufacturer to sell you their product? *(Clarify, this refers to any product.)*

b. What was the most interesting aspect of this marketing method or approach that caught your attention?

c. Did this method cause you to select that manufacturer's product?

☐ yes ☐ no *(explain)* _____

21. In your opinion or experience, what is the most important aspect of a manufacturer's marketing program that has had the greatest impact on your project sales program? This may be a product benefit, pricing, promotion, brand name, warranty, sales training or other factor.

Appendix B

Manufacturers – NREL Telephone Survey

Interview # _____

Interviewer: _____ Date of Interview: _____

Market Area: ☐ California ☐ Phoenix ☐ Las Vegas ☐ Florida

Introduction: **Ask for the regional sales manager or marketing manager.**

Hello, my name is _____ and I am with an independent research company conducting a survey for the National Renewable Energy Laboratory, exploring distribution channels and marketing methods in the new home industry. We are interested in your opinions and experience on several topics related to this subject. The survey will take approximately ten minutes and your answers will remain anonymous. A summary of the results will be available in a published report and will be mailed to you upon completion to thank you for your participation.

1. a. What is the title of your position?

- ☐ sales representative ☐ sales manager ☐ sales director
☐ marketing manager ☐ marketing director ☐ sales or marketing vp
☐ other (Specify Other: _____)

b. Are you responsible for the sale or marketing of your company's products in the new home industry?

- ☐ yes (proceed to #2) ☐ no (thank them, obtain a referral and discontinue)

2. a. I'm going to read you a list of new home price ranges. Please identify the top two target market segments within the new home industry for your products:

- ☐ Below \$100,000 ☐ \$100,000 to less than \$250,000
☐ \$250,000 to less than \$350,000 ☐ \$350,000 to \$500,000
☐ \$500,000 to less than \$750,000 ☐ \$750,000 and above

b. Which price range offers the greatest absorption for your products? (Circle)

3. a. Are the homes specified above considered: (check all that apply)

- ☐ tract homes ☐ semi-custom homes ☐ custom homes

(If custom homes referenced above)

b. What percentage of your business is devoted to custom homes? _____

Now I'm going to ask you a few questions specifically related to your Builder Sales Program.

- 4. a. We would like to confirm the type of products your company manufactures and sells in the new home market. As I read the following list, please let me know if the item is a product you sell. (Check all "yes" responses.)**

☐ plumbing fixtures ☐ tubs, sinks, etc ☐ kitchen appliances ☐ hvac

☐ solar appliances (list all) _____

☐ insulation ☐ windows or doors ☐ other _____

- b. Are any of the products named above sold as an option or an upgrade by the builder?**

☐ yes (circle above) ☐ none (skip to question #7) ☐ don't know (skip to #7)

- c. (If respondent answers "yes" to 4.b.) Which products are offered as an option or upgrade by the builder? (circle above)**

- 5. a. Which of the following marketing methods do you use to sell these option product(s) to the builder? Please indicate yes or no. (Read /check all that apply)**

☐ direct mail ☐ direct personal selling ☐ distributor sales force

☐ dealer/retailer sales force ☐ subcontractor sales force ☐ trade advertising

☐ trade shows ☐ telemarketing ☐ internet ☐ other _____

- b. Which method has been most successful? (circle above) Why?**

- 6. How is the end-user, the homebuyer, introduced to these option product(s) during their new home purchase? (Read and check all that apply)**

☐ builder new home sales staff ☐ builder design center staff

☐ installing subcontractor sales force ☐ manufacturer in-house sales force

☐ showroom/model home display ☐ showroom/model demonstration

☐ dealer/distributor showroom ☐ other _____

☐ don't know

- 7. a. For those products sold by the builder as a standard feature, what marketing methods do you use to sell the product(s) to the builder for inclusion in new homes? (Read and check all that apply)**

☐ direct mail ☐ direct personal selling ☐ distributor sales force

☐ distributor/installer sales force ☐ installing subcontractor sales force

☐ trade advertising ☐ trade shows ☐ telemarketing ☐ internet

☐ dealer/distributor showroom ☐ other _____

b. Which method has been most successful? (circle) Why?

8. When sold as a standard feature, how is the end-user, the homebuyer, introduced to the product(s) during their new home purchase? (Read and check all that apply)

- ☐ builder new home sales staff ☐ builder design center staff
- ☐ installing subcontractor sales force ☐ manufacturer in-house sales force
- ☐ showroom/model home display ☐ demonstration
- ☐ dealer/distributor showroom ☐ other _____
- ☐ don't know

9. What is your top selling or most popular product? (probe for clarity)

10. a. What distribution channels do you use to sell this product into the new home market? (Read and check all that apply.)

- ☐ sell direct to builder ☐ sell to distributor/installer ☐ sell to retailer
- ☐ sell to installer/subcontractor (specify _____ (plumber, framer, etc.))
- ☐ sell to wholesale distributors ☐ other _____

b. Do you use the same channels for all products? ☐ yes ☐ no (explain)

c. (Skip 10.c. if respondent selected only one answer in 10a) Which distribution channel is most effective for your market? (circle above)

11. When promoting or selling your top selling product to builders, which of the following types of sales staff do you utilize? (Read and check all that apply)

- ☐ manufacturer in-house sales force ☐ independent manufacturer's reps
- ☐ distributor sales force ☐ distributor/installer sales force ☐ retailer sales force
- ☐ installing subcontractor sales force ☐ other _____

12. a. What type of promotions do you use to generate sales among builder prospects for this product? (Read and check all that apply).

- ☐ model home discounts ☐ coop advertising programs
- ☐ builder staff sales training ☐ provide collateral material
- ☐ market development funds ☐ volume incentive rebates
- ☐ dealer/distributor incentive program ☐ other _____

b. Which of these promotions has proven most successful? (circle above)

c. Why? _____

I would now like to ask a few questions about your sale/promotion methods to homebuyers.

13. Companies may educate prospective homebuyers about their products by making information available in builder offices, model homes, through coop advertising or similar means related to the new home purchase. Does your company promote your top selling product to prospective homebuyers using other means not related to the new home purchase, for example, participating in Home & Garden shows?

☐ yes ☐ no (skip to #16) ☐ don't know (skip to #16)

14. a. What methods does your company use to inform prospective homebuyers about the product outside of the new home purchase?

☐ video ☐ internet ☐ personal selling ☐ brochures ☐ direct mail

☐ telemarketing ☐ print advertising ☐ Home & Garden shows ☐ none

☐ other _____

b. Which of these methods has proven most successful (circle) and why?

15. When using the alternate marketing methods you named, to market to homebuyers, what is the central focus of your marketing message? (Read and check all that apply):

☐ price ☐ aesthetics ☐ convenience ☐ the environment ☐ health

☐ safety ☐ ease of use ☐ durability ☐ low maintenance

☐ other _____

16. a. Of the marketing methods you use to promote to builders, which is the most successful method you have employed to date to promote or sell your most popular product to builders?

b. Why do you believe it was so successful?

17. a. What is the most successful marketing method you have employed to date to help builders sell your most important option product to homebuyers?

b. Why do you believe it was so successful?

18. In your opinion or experience, what aspect of your marketing program has the greatest impact on the sales of your products into the new home market? This may be a product benefit, pricing, special promotion, brand name, warranty, sales training, or other factor.

Appendix C

Distributors, Dealers, Subcontractors – NREL Survey

Interview # _____

Interviewer: _____ Date of Interview: _____
Market Area: ☐ California ☐ Phoenix ☐ Las Vegas ☐ Florida

Introduction: **Ask for the regional sales manager or marketing manager.**

Hello, my name is _____ and I am with an independent research company conducting a survey for the National Renewable Energy Laboratory, exploring distribution channels and marketing methods in the new home industry. We are interested in your opinions and experience on several related topics. The survey will take only a few minutes and your answers will remain anonymous. A summary of the results will be available in a published report and will be mailed to you upon completion to thank you for your participation.

1. a. What is the title of your position?

- ☐ sales representative ☐ sales manager ☐ sales director
☐ marketing manager ☐ marketing director ☐ sales or marketing vp
☐ other (Specify Other: _____)

b. Are you responsible for the sale or marketing of your company's products in the new home industry?

- ☐ yes (proceed to #2) ☐ no (thank them, obtain a referral and discontinue)

2. Which of the following best describes your business? (Check all that apply)

- ☐ wholesale distributor ☐ distributor/installer ☐ retailer
☐ installing subcontractor(indicate type _____) ☐ other
(plumber, framer, etc)

Specify Other: _____

3. a. I'm going to read you a list of new home price ranges. Please identify the top two target market segments within the new home industry for your products:

- ☐ Below \$100,000 ☐ \$100,000 to less than \$250,000
☐ \$250,000 to less than \$350,000 ☐ \$350,000 to less than \$500,000
☐ \$500,000 to less than \$750,000 ☐ \$750,000 and above

b. Which price range offers the greatest absorption for your products? (Circle)

4. a. Are the homes specified above considered: (check all that apply)

- ☐ tract homes ☐ semi-custom homes ☐ custom homes

(If custom home is referenced above)

b. What percentage of your business is devoted to custom homes?_____

Now I'm going to ask you a few questions related to your Sales Program.

- 5. a. We would like to confirm the type of products your company sells in the new home market. As I read through the following list, please let me know if the product named is an item you sell. (Check all "yes" responses.)**

☐ plumbing fixtures ☐ tubs, sinks, etc ☐ kitchen appliances ☐ hvac

☐ solar appliances (list all)_____

☐ insulation ☐ windows or doors ☐ other _____

b. Are any products named above sold as an option or an upgrade by the builder?

☐ yes (go to #5.c.) ☐ none (skip to #8) ☐ don't know (skip to #8)

c. (If respondent answers "yes" to 5.b.) Which products are offered as an option or upgrade by the builder? (circle above)

- 6. a. Which of the following marketing methods do you use to sell these option product(s) to the builder? Please indicate yes or no. (Read /check all that apply)**

☐ direct mail ☐ direct personal selling ☐ distributor sales force

☐ distributor/installer sales force ☐ installing subcontractor sales force

☐ trade advertising ☐ trade shows ☐ telemarketing ☐ internet

☐ other _____

b. Which method has been most successful?(circle)

Why? _____

- 7. How is the end-user, the homebuyer introduced to the option product(s) during their new home purchase? (Read and check all that apply)**

☐ builder new home sales staff ☐ builder design center staff

☐ installing subcontractor sales force ☐ manufacturer in-house sales force

☐ showroom/model home display ☐ demonstration

☐ dealer/distributor showroom ☐ other _____

☐ don't know

8. a. For those products sold by the builder as a standard feature, what marketing methods do you use to sell the product(s) to the builder for inclusion in new homes?

(Read and check all that apply)

- ☐ direct mail ☐ direct personal selling ☐ distributor sales force
- ☐ distributor/installer sales force ☐ installing subcontractor sales force
- ☐ trade advertising ☐ trade shows ☐ telemarketing ☐ internet
- ☐ dealer/distributor showroom ☐ other _____

- b. Which method has been most successful? *(circle)* Why?

9. How is the end-user, the homebuyer introduced to these standard features during their new home purchase? *(Read and check all that apply)*

- ☐ builder new home sales staff ☐ builder design center staff
- ☐ installing subcontractor sales force ☐ manufacturer in-house sales force
- ☐ showroom/model home display ☐ demonstration
- ☐ dealer/distributor showroom ☐ other _____
- ☐ don't know

10. What is your top selling or most popular product? *(probe for clarity)*

11. From whom do you purchase this product? *(Read and check all that apply)*

- ☐ manufacturer ☐ wholesale distributor ☐ retailer
- ☐ distributor/installer ☐ installing subcontractor ☐ other _____

12. To what businesses do you sell this product in the new home market? *(Read and check all that apply.)*

- ☐ sell direct to builder ☐ sell to distributor/installer ☐ retailer
- ☐ sell to another subcontractor (specify type _____) (plumber, framer, etc.)
- ☐ other _____

13. When promoting or selling this product to builders, which of the following types of sales staff do you utilize? *(Read and check all that apply)*

- ☐ manufacturer in-house sales force ☐ independent manufacturer's reps
- ☐ distributor sales force ☐ installing subcontractor sales rep
- ☐ other _____ ☐ none

14. a. What type of promotions do you use to generate sales among builder prospects for this product? (Read and check all that apply).

- | | |
|---|--|
| <input type="checkbox"/> model home discounts | <input type="checkbox"/> coop advertising programs |
| <input type="checkbox"/> builder staff sales training | <input type="checkbox"/> provide collateral material |
| <input type="checkbox"/> market development funds | <input type="checkbox"/> volume incentive rebates |
| <input type="checkbox"/> other _____ | |

b. Which of these promotions has proven most successful? (circle)

c. Why? _____

15. Companies may educate prospective homebuyers about their products by making information available in builder offices, model homes, through coop advertising or similar means related to the new home purchase. Does your company promote your top selling product to prospective homebuyers using other means not related to the new home purchase, for example, participating in Home & Garden shows?

- ☐ yes ☐ no (skip to #18) ☐ don't know (skip to #18)

16. a. What methods does your company use to inform prospective homebuyers about the product outside of the new home purchase?

- ☐ video ☐ internet ☐ personal selling ☐ brochures ☐ direct mail
- ☐ telemarketing ☐ print advertising ☐ Home & Garden shows ☐ none
- ☐ other _____

b. Which method has proven most successful (circle) and why?

17. When using the alternate methods you've named to promote your product to new homebuyers, what is the central focus of your marketing message? (Read all and check all that apply):

- ☐ price ☐ aesthetics ☐ convenience ☐ the environment ☐ health
- ☐ safety ☐ ease of use ☐ durability ☐ low maintenance
- ☐ other _____

18. a. Of the marketing methods you use to sell products to builders, which is the most successful method you have employed to date to promote sales of your most popular product to builders?

b. Why do you believe it was so successful?

19. a. What is the most successful marketing method you have employed to date to help builders sell your most important option product to homebuyers?

b. Why do you believe it was so successful?

20. In your opinion or experience, what aspect of your marketing program has the greatest impact on the sales of your products in the new home market? This may be a product benefit, pricing, special promotion, brand name, warranty, sales training, or other factor.

21. What percent of your company sales are attributed to the new home market?

_____ *(Write in answer here and check appropriate entry below.)*

☐ less than 25% ☐ 25% to 49% ☐ 50% to 74% ☐ 75% to 100%

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